

# **FISCAL NOTE**

## **SB 3205 - HB 3204**

February 19, 1998

**SUMMARY OF BILL:** Permits legislative body of any county with sales tax rate less than the maximum 2.75% to authorize by resolution an increase in the local option sales tax in increments of  $\frac{1}{4}$  of 1%, to be used for education. Total tax rate must not exceed 2.75%. Such tax collections are currently apportioned 50% to counties for schools and 50% based on situs (either the municipality or the county, wherever the purchase is made.)

### **ESTIMATED FISCAL IMPACT:**

**Increase Local Govt. Revenues - Exceeds \$1,000,000 / Permissive**

**Forgo Local Govt. Revenues - Exceeds \$1,000,000**

Assumes that counties currently have the authority, upon approval by public referendum, to increase the local option sales tax under current statutes and this bill merely provides a different method of distribution for any increase in the tax for those counties not currently at the maximum rate.

The fiscal impact assumes that an increase in the local option sales tax, using this method, would result in municipalities forgoing 50% of such revenues if such purchases were made within the municipality and the county would realize a corresponding increase in revenues. The amount of such revenues is dependent on the number of counties utilizing this method when increasing the local option sales tax, but is estimated to exceed \$1,000,000.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



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James A. Davenport, Executive Director